

Notice

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Tax Type: Clean Drinking Water Fee
Brief Description: Clean Drinking Water Fee - Election Available
Keywords:
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Body:

Kansas Department of Revenue

August 13, 2004

NOTICE 04-08 **Clean Drinking Water Fee – Election Available**

Effective January 1, 2005 those public water supply systems that previously opted out of paying the Clean Drinking Water Fee may now elect to begin paying the Clean Drinking Water Fee. By paying the Clean Drinking Water Fee, a public water supply system is exempt from paying Kansas Retailers' Sales or Compensating Use Tax on their purchases pursuant to 2004 Senate Bill 147, Section 11.

Public water supply systems that wish to elect to begin paying the Clean Drinking Water Fee must complete the enclosed IRREVOCABLE ELECTION NOTICE and return it to the department.

Once the department has received a completed IRREVOCABLE ELECTION NOTICE, it will issue the public water supply system an exemption letter and certificate for use in making purchases exempt from sales and compensating taxes.

BEFORE MAKING YOUR ELECTION – PLEASE NOTE THE FOLLOWING IMPORTANT POINTS:

“ This legislation is effective January 1, 2005 with no ending date – meaning that public water supply systems may elect to pay the Clean Drinking Water Fee beginning January 1, 2005 or anytime thereafter. However, the department will require that a public water supply system begin paying the fee on the first day of a calendar quarter following such election. Furthermore, the Department must receive the IRREVOCABLE ELECTION NOTICE at least 30 days prior to the first day of the quarter in which the public water supply system elects to begin paying the Clean Drinking Water Fee.

“ An election to pay the Clean Drinking Water Fee is an irrevocable election. Once an election to pay the Clean Drinking Water Fee is made, a public water supply system cannot later opt-out of the fee.

“ The Clean Drinking Water Fee (of \$.03 per 1,000 gallons of water sold at retail) **is in addition to** the collection of the Water Protection Fee (of \$.032 per 1,000 gallons of water sold at retail).

“ The Clean Drinking Water Fee is reported on the same form as the Water Protection Fee, Form WP-1.

“ A public water supply system **cannot** bill their customers for the Clean Drinking Water Fee. This fee must be paid by the public water supply system.

“ The Clean Drinking Water Fee **is in addition to** the collection of Kansas Retailers’ Sales tax. Sales tax is due on the retail sale of water. Local sales tax only (city and/or county sales tax) is due on the retail sale of water for residential or agricultural use. All other retail sales of water are subject to sales tax at the full rate (state, city and/or county) unless the public water supply system obtains an exemption certificate from its customer.

“ Effective with the first day of the calendar quarter after the public water supply system has elected to pay the Clean Drinking Water Fee, it may purchase all of its goods and services exempt from sales or compensating use tax when the purchases consist of “property or services are used in the construction activities, operation or maintenance of the district” (K.S.A. 79-3606(s)).

“ 2004 SENATE BILL No. 147, Section 11:

K.S.A. 2003 Supp. 82a-2101 is hereby amended to read as follows: 82a-2101. (a) On and after January 1, 2002, there is hereby imposed a clean drinking water fee at the rate of \$.03 per 1,000 gallons of water sold at retail by a public water supply system and delivered through mains, lines or pipes. Such fee shall be paid, administered, enforced and collected in the manner provided for the fee imposed by subsection (a)(1) of K.S.A. 82a-954, and amendments thereto. The price to the consumer of water sold at retail by any such system shall not include the amount of such fee.

(b) (1) A public water supply system may elect to opt out of the fee imposed by this section by notifying, before October 1, 2001, the Kansas water office and the department of revenue of the election to opt out. ***Except as provided by subsection (b)(2),*** such election shall be irrevocable. Such public water supply system shall continue to pay all applicable sales tax on direct and indirect purchases of tangible personal property and services purchased by such system.

(2) On and after January 1, 2005, any public water supply system which elected to opt out of the fee imposed by subsection (a) may elect to collect such fee as provided by subsection (a) and direct and indirect purchases of tangible personal property and services by such system shall be exempt from sales tax as provided by K.S.A. 79-3606, and amendments thereto. Such election shall be irrevocable.

(c) The director of taxation shall remit to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, all moneys received or collected from the fee imposed pursuant to this section. Upon receipt thereof, the state treasurer shall deposit the entire amount in the state treasury and credit ***5/106*** to the state highway fund and the remainder to the state general fund.

TAXPAYER ASSISTANCE

If you have any questions about this notice or the Clean Drinking Water Fee, please call our Miscellaneous Tax section: (785) 368-7045. Address a written inquiry to Customer Relations, Miscellaneous Tax, Kansas Department of Revenue, 915 SW Harrison, Topeka, KS 66625-5000, or fax it to (785) 291-3968.

Additional copies of this notice, forms, publications and other written advice are available from our web site: www.ksrevenue.org.

**NOTICE TO KANSAS DEPARTMENT OF REVENUE
IRREVOCABLE ELECTION TO PAY THE CLEAN DRINKING WATER FEE**

The _____
(Name of public water supply system) (Water Protection Fee Registration Number)

_____ (Kansas Sales Tax Registration Number)

irrevocably elects pursuant to 2004 Senate Bill 147, Section 11 to pay the Clean Drinking Water Fee on retail sales of water beginning

January 1; April 1; July 1; or October 1 (circle one) of _____ (enter year).

By making said election, the public water supply system understands that, as of the date circled above, it will be exempt from all applicable Kansas Retailers' Sales or Compensating Use taxes on its direct and indirect purchases of tangible personal property and services used in the construction activities, operation or maintenance of the district.

This election shall become effective on the above date only if the Department of Revenue has received this document at least 30 days prior to such date.

(Signature of Authorized Individual) (Date) (Title)

(Printed Name) (Phone Number)

MAIL OR FAX TO:

Kansas Dept. of Revenue, Attn: Misc. Tax, 915 SW Harrison, Topeka, KS 66625-5000

Fax: 785-291-3968

ASSISTANCE: (785) 368-7045 or (785) 368-8222

Date Composed: 08/17/2004 Date Modified: 08/18/2004

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